

Message Text

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PAGE 01 STATE 054268

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ORIGIN SS-25

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PM:GVEST

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DOD/ISA:RELLSWORTH

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FM SECSTATE WASHDC

TO AMEMBASSY TEGUCIGALPA PRIORITY

INFO AMEMBASSY SAN SALVADOR PRIORITY

C O N F I D E N T I A L STATE 054268

EXDIS

E.O. 11652: GDS

TAGS: MASS, HO

SUBJECT: AEROTRADE AND TRANSFER OF F-86 AIRCRAFT

REF: STATE 50918

1. AEROTRADE OFFICIALS MET FEBRUARY 19 WITH GEORGE VEST, DIRECTOR, PM, AND DAVID LAZAR OF CEN TO INQUIRE REGARDING STATUS OF THEIR LICENSING APPLICATION FOR TRANSFER OF F-86'S TO HONDURAS. DEPTOFFS STATED THAT DEPARTMENT DID NOT FEEL APPLICATION COULD BE APPROVED AT THE PRESENT TIME, GIVEN CONTINUED LACK OF TANGIBLE PROGRESS ON PEACE TALKS BETWEEN HONDURAS AND EL SALVADOR, BUT THAT WE WERE HOPEFUL OF DEVELOPMENTS WITHIN REASONABLY NEAR FUTURE WHICH WOULD PERMIT DEPT. TO APPROVE APPLICATION. AEROTRADE REPS. AGREED TO BE PATIENT A WHILE LONGER BUT PROMISED TO CALL AND CHECK STATUS AGAIN IN TWO WHEEKS.

2. DEPTOFFS DID NOT, OF COURSE, REFER TO INCENTIVE ASPECTS OF OUR DEALINGS WITH GOH ON THIS MATTER BUT REFERRED ONLY TO FEARED DESTABILIZING EFFECT ON ANY SETTLEMENT NEGOTIA-
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PAGE 02 STATE 054268

TIONS OR CONTINUING GOH-GOES CONTACTS THAT MIGHT RESULT

FROM F-86 PURCHASE AT THIS TIME.

3. FOLLOWING ARE MAJOR ELEMENTS OF PRESENT SITUATION AS WE SEE IT FROM HERE.

(A) THERE IS INCREASING PRESSURE ON USG FROM AEROTRADE

TO MAKE A FINAL DECISION ON THEIR LICENSE APPLICATION. AEROTRADE OFFICIALS HAVE AGREED TO WAIT A WHILE LONGER ON THE BASIS OF OUR STATEMENT THAT A FINAL DECISION NOW WOULD NECESSARILY BE NEGATIVE. HOWEVER, GIVEN THE LENGTH OF TIME THEY ALREADY HAVE WAITED FOR USG DECISION, WE ANTICIPATE GROWING IMPATIENCE ON THEIR PART.

(B) THE CONTINUING ABSENCE OF A POSITIVE DECISION ON OUR PART WILL TEND TO SHAPE EVENTS AND REACTIONS IN THE SAME WAY AS WOULD A NEGATIVE DECISION. THE ANXIETY OF THE YUGOSLAVS, RELAYED TO DEPT. THROUGH DOD/ISA, TO DISPOSE OF THE AIRCRAFT MAKES IT ALMOST CERTAIN THAT FURTHER DELAY IN APPROVAL OF THE TRANSFER TO HONDURAS WILL LEAD THEM TO ATTEMPT TO FIND OTHER BUYERS. AT THE SAME TIME, LOPEZ CAN PROBABLY BE EXPECTED TO INTENSIFY HIS REPORTED EFFORTS TO LOCATE NON-U.S. ORIGIN AIRCRAFT OF SAME GENERATION AS F-86'S. IN EITHER CASE, THE POSSIBILITY IS THAT HAF WILL END UP WITH NON-U.S. ORIGIN AIRCRAFT. THE CONSEQUENCE OF THIS WOULD BE SOME WEAKENING IN OUR RELATIONSHIP WITH LOPEZ HIMSELF AND SOME EROSION OF OUR MILITARY ADVISORY RELATIONSHIP WITH THE HAF.

(C) POST-JALAPA DEVELOPMENTS SUGGEST THAT THERE IS NO POINT AT THIS TIME IN MAKING ANOTHER EFFORT TO USE LOPEZ' DESIRES FOR F-86 AIRCRAFT TO MOVE HIM TOWARDS SETTLEMENT WITH EL SALVADOR. THUS, IF WE WERE TO APPROVE F-86 TRANSFER NOW, IT WOULD BE IN THE ABSENCE OF EVEN A MODICUM OF PROGRESS. WE RECOGNIZE THAT TO PROCEED ON THE F-86S COULD WEAKEN OUR CREDIBILITY WITH LOPEZ.

4. AFTER DUE CONSIDERATION OF PLUSES AND MINUSES OUTLINED ABOVE, WE ARE INCLINED TO APPROVE AEROTRADE LICENSE APPLICATION UPON RECEIPT OF OFFICIAL REQUEST BY
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PAGE 03 STATE 054268

GOVERNMENT OF YUGOSLAVIA FOR USG CONCURRENCE IN TRANSFER OF F-86'S TO HONDURAS THROUGH AEROTRADE. THIS, OF COURSE, ASSUMES SATISFACTORY RESOLUTION OF QUESTION RAISED IN REFTEL. OUR REASONING IS THAT (A) THERE ARE NO REAL MILITARY BALANCE CONSIDERATIONS INVOLVED; (B) CONTINUED DEFERRAL OF DECISION WILL NOT LEAD LOPEZ TOWARDS SETTLEMENT WITH EL SALVADOR; (C) MAINTENANCE OF POLITICAL AND MILITARY RELATIONSHIP WHICH SHOULD FLOW FROM APPROVAL OF

APPLICATION, OUTWEIGHS IN IMPORTANCE RELATED MINOR
DAMAGE TO OUR CREDIBILITY; AND (D) TO REFUSE LICENSE AP-
PLICATION OR TO CONTINUE DEFERRAL OF DECISION WITHOUT
SERIOUS SUBSTANTIVE REASON WOULD BE A DISSERVICE TO
LEGITIMATE COMMERCIAL INTERESTS OF AEROTRADE.

5. ASSUMING YOU CONCUR WITH DECISION TO APPROVE AIRCRAFT
TRANSFER, WE INVITE ALSO YOUR THOUGHTS AND RECOMMENDATIONS
AS TO NOTIFICATION OF SALE TO GOES. OBVIOUS DISADVANTAGE
ATTACHING TO UNILATERAL NOTIFICATION BY EITHER USG OR
GOH LEADS US TO CONCLUDE THAT WE SHOULD ATTEMPT TO ARRANGE
SIMULTANEOUS NOTIFICATION OF GOES BY BOTH GOH AND USG.
COMMENTS EMBASSY SAN SALVADOR ALSO INVITED. INGERSOLL

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